

Message Text

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SUBJECT: AMBASSADOR TURNER ON MULTINATIONALS

1. BRUSSELS JULY 12. AMBASSADOR WILLIAM TURNER, U.S. PERMANENT REPRESENTATIVE TO THE OECD, MET WITH REPRESENTATIVES OF AMERICAN MULTINATIONAL ENTERPRISES (MNE'S) TODAY TO DISCUSS THE GUIDELINES ON MNE'S RECENTLY ADOPTED BY THE MEMBER NATIONS OF THE OECD. BRUSSELS IS ONE OF SEVERAL CITIES AMBASSADOR TURNER IS VISITING TO EXPLAIN TO AMERICAN BUSINESSMEN THE DEVELOPMENT AND SUBSTANCE OF THE OECD MEASURES AND TO ELICIT SUPPORT FOR THEIR IMPLEMENTATION.

AFTER DISCUSSING THE OECD GUIDELINES, AMBASSADOR TURNER TOLD HIS BRUSSELS AUDIENCE:

"AS REPRESENTATIVES OF MAJOR U.S.-BASED MULTINATIONAL COMPANIES IN EUROPE, I THINK YOU SHOULD WELCOME THE OPPORTUNITY WHICH THE OECD GUIDELINES CREATE FOR YOU TO REAFFIRM YOUR STANDING AS RESPONSIBLE CORPORATE CITIZENS MEETING THE HIGHEST STANDARDS OF BUSINESS PRACTICE. BY

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ARTICULATING CRITERIA, WHICH THE INDUSTRIAL COUNTRY

GOVERNMENTS COLLECTIVELY EXPECT MNE'S TO MEET, THESE GOVERNMENTS HAVE POSED A CHALLENGE. OUR HOPE IS THAT THE RESPONSE OF US-BASED MULTINATIONALS WILL CONCLUSIVELY DEMONSTRATE THAT THEY ARE IN THE VANGUARD OF INTERNATIONAL COMPANIES APPLYING THESE HIGH STANDARDS OF BUSINESS BEHAVIOR."

2. FOLLOWING THE MEETING TURNER DISCUSSED THE OECD PACKAGE WITH JOURNALISTS. HE POINTED OUT THAT THE GUIDELINES FOR MNE'S SHOULD BE LOOKED AT IN A BROAD CONTEXT AS PART OF A "BALANCED INVESTMENT PACKAGE" RATHER THAN SIMPLY AS A "CODE OF CONDUCT" FOR MULTINATIONALS: "ONE SIDE OF THE EQUATION IT IS A STATEMENT OF EXPECTATIONS BY OECD GOVERNMENTS AS TO THE STANDARDS OF PERFORMANCE EXPECTED FROM MULTINATIONAL CORPORATIONS. BUT THE OTHER SIDE, WHICH IS EQUALLY IMPORTANT AND WITHOUT WHICH THE PACKAGE WOULD HAVE LITTLE OF ITS INHERENT WORTH, IS A RECOGNITION THAT GOVERNMENT TOO HAS RESPONSIBILITIES TO THE PRIVATE SECTOR. IT MUST CREATE A PREDICTABLE ENVIRONMENT IN WHICH PRIVATE INVESTMENT CAN TAKE PLACE. TO DO THIS IT HAS TO CREATE AN EQUITABLE CLIMATE. IT HAS TO GIVE NATIONAL TREATMENT TO PRIVATE SECTOR INVESTMENT. IT HAS TO ENABLE IT TO OPERATE UNDER THE TERMS OF INTERNATIONAL LAW, GIVE IT ACCESS TO GRIEVANCE SETTLEMENT MECHANISMS AND, ON BALANCE, GIVE IT EQUITABLE AND PREDICTABLE TREATMENT. THIS IS DONE THROUGH THE OTHER TWO ELEMENTS OF THIS TRIPARTITE UNDERSTANDING: ONE CALLED NATIONAL TREATMENT, WHICH ESSENTIALLY DEALS WITH THOSE QUESTIONS AND WHICH SAYS THAT A GOVERNMENT WILL TREAT FOREIGN INVESTMENT FROM OTHER OECD COUNTRIES IN THE SAME MANNER THAT IT TREATS DOMESTIC INVESTMENT, FROM INDIGENOUS SOURCES, AND THE SECOND A SECTION ON INVESTMENT INCENTIVES AND DISINCENTIVES WHICH SAYS THAT IT IS RECOGNIZED THAT THE FLOW OF INTERNATIONAL INVESTMENT CAPITAL CAN BE CHANGED BY A GOVERNMENT PROVIDING INCENTIVES TO INVESTMENT OR DISINCENTIVES... SO WHAT YOU REALLY HAVE HERE IS A COMPACT BETWEEN THE PUBLIC AND PRIVATE SECTORS....THE FIRST CODIFICATION OF BOTH PRIVATE SECTOR AND PUBLIC SECTOR RESPONSIBILITIES IN A BALANCED WAY."

3. AMBASSADOR TURNER REITERATED TO THE JOURNALISTS THE U.S. GOVERNMENT POSITION OF RECOMMENDING TO MNE'S THAT THEY

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SUBSCRIBE TO AND SUPPORT THE OECD GUIDELINES, BUT HE NOTED THAT ADHERENCE MUST BE VOLUNTARY. "THERE WILL BE NO ARM TWISTING," HE SAID. HE MADE CLEAR, HOWEVER, THAT COMPLIANCE WITH THE GUIDELINES IS IN THE INTEREST OF BOTH GOVERNMENT AND BUSINESS. FIRESTON

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